

# Delaware Basin Royalty Opportunity

EnCap Investments, L.P.



ENCAP INVESTMENTS L.P.

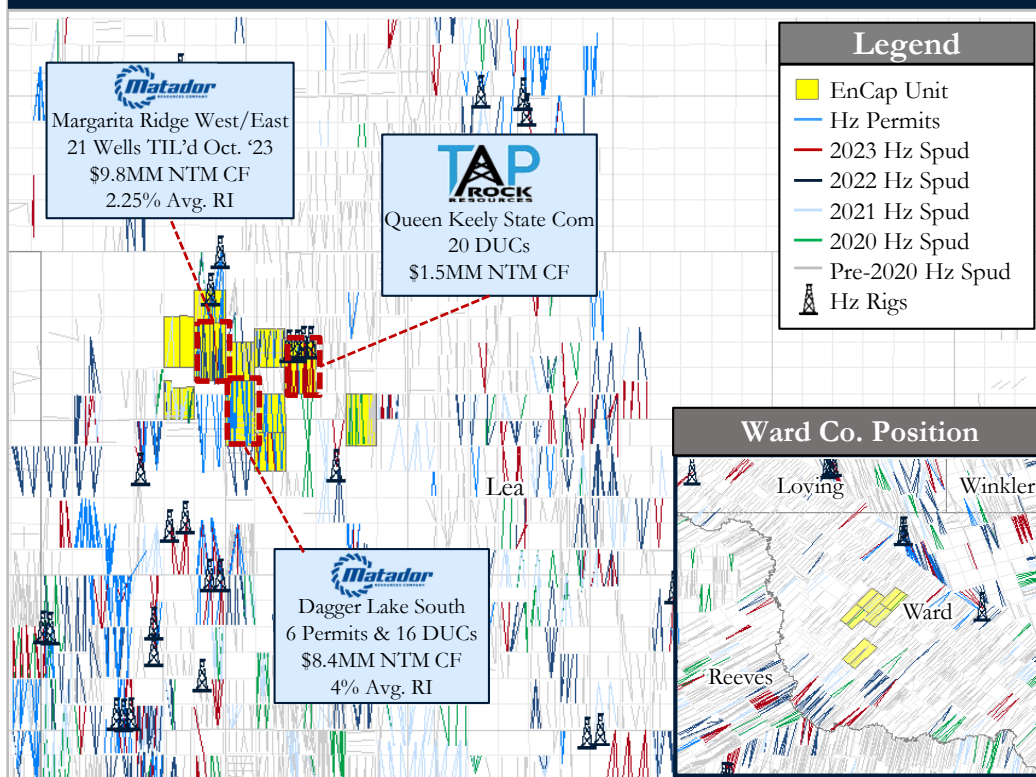
EnCap Investments, L.P. (“EnCap”) is offering for sale certain of its mineral & royalty interests in Lea & Ward Counties, **strategically located in Matador’s focused development area**. The assets provide an attractive opportunity to acquire: (i) **~2,100 Net Royalty Acres** generating **\$27MM net cash flow (2024E)**; (ii) **~100 near-term DUCs and Permits** from key regional operators, including Matador, Permian Resources, and Tap Rock; and (iii) **~90 remaining undeveloped locations** spanning 6 of the most productive horizontal targets in North America, ensuring continued development and **long-term cash flow yield**.

## \$27MM 2024E Cash Flow

DUC Completions Accelerate Value

- 168 producing horizontal wells offer a stable base of existing cash flow
  - High-interest PDP properties drive near-term cash flow (avg. 1.5% RI)
  - Net Prod:** ~1,260 Boed (80% liq.)
  - PDP PV10:** \$54MM (\$102MM PV0)
- Near-term locations accelerate cash flow growth into 2025, averaging 4 wells TIL’d per month
  - DUCs (40) and Permits (60) contribute \$12.7MM in 2024E cash flow across a combined 1.9 net wells

## Location Map | Northern Delaware Basin



## ~2,100 Net Royalty Acres

~90% Operated By Matador

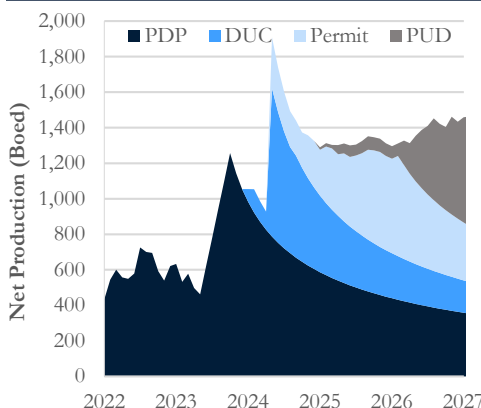
- Concentrated under Matador’s highly active development fairway, the result of their recent acquisition of EnCap’s Advance Energy Partners for \$1.6B
  - Matador is singularly focused on developing the Delaware Basin with 6 active rigs in the region – and an emphasis on New Mexico
- Other highly active operators include Permian Res., Tap Rock, & Battalion

EnCap’s royalty position was assembled under its Advance Energy Partners operating platform and is primarily concentrated along the highly active development fairway in western Lea Co., NM (~1,600 NRA). Additional royalty assets lie to the south in Ward Co, TX (~500 NRA), where offset redevelopment exemplifies future on-acreage activity.

## ~90 PUD Locations in Core Development Fairways

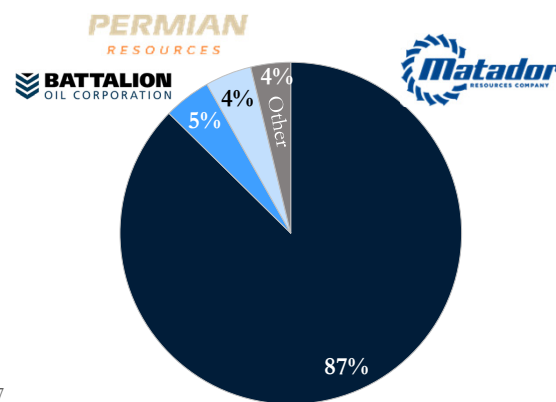
- Asset is centrally located to ongoing development by Matador and other regionally focused operators
  - 3P PV10:** \$143MM (\$282MM PV0)
- Basin-focused operators continue to advance high-density, multi-target development northward towards and across EnCap’s position
  - Recent units achieving 20+ wells/mile continually demonstrate full potential

## Production Poised to Continue Rapid Increase



## NRA by Operator (~2,100 NRA)

Active, Well Capitalized & Basin-Focused



Note: All metrics based on preliminary reserves as of October 1, 2023 at current strip pricing. Net Royalty Acres (“NRA”) normalized to 1/8<sup>th</sup> royalty.

# Delaware Basin Royalty Opportunity

EnCap Investments, L.P.



ENCAP INVESTMENTS L.P.

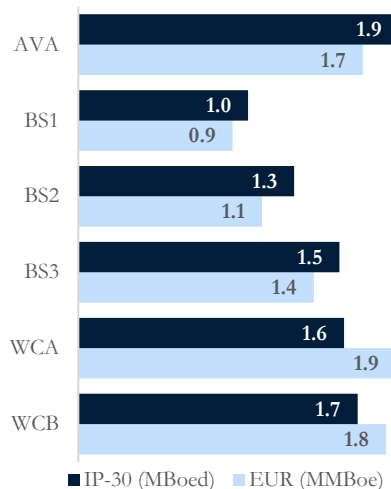
EnCap's footprint is positioned under **well-capitalized, basin-focused operators** on the forefront of a northward drive of activity utilizing **full-cube, high-density development** continually proven by on-minerals and offset activity. Matador and their peers are achieving record-setting results as they successfully apply **fine-tuned, optimized D&C techniques** northward in the basin, generating **highly economic returns** across six well-delineated horizontal targets. Matador has consistently been on the leading edge of regional **multi-target pad development**, demonstrating their plans for their broader Delaware Basin footprint.

## Reserve Summary | As of October 1, 2023

Strong Cash Flow From PDP | Clear DUC/Permit Pipeline Through 2024 | Meaningful Undeveloped Inventory

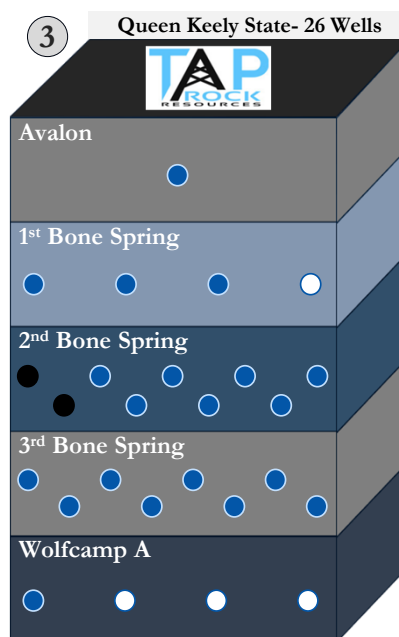
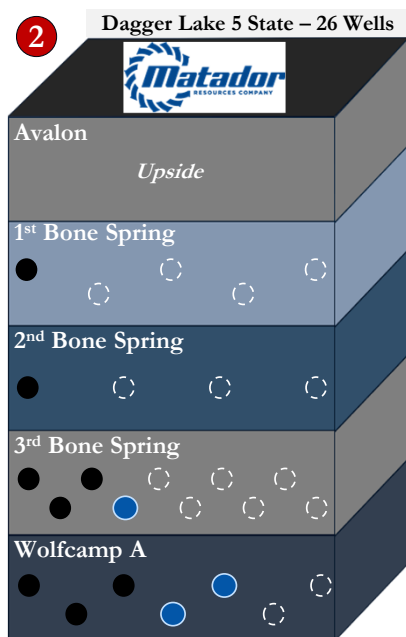
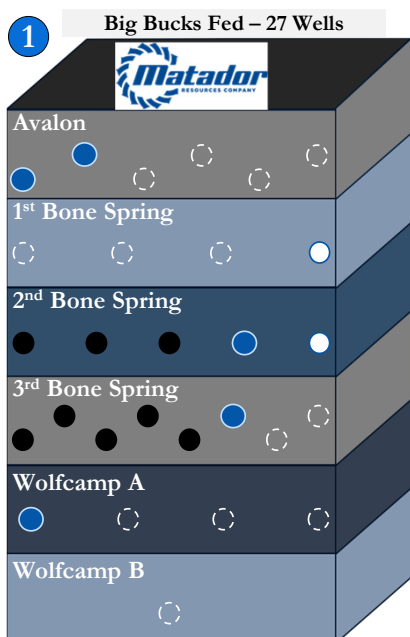
	Gross Wells	Net Boed	Net Reserves					PV0 & PV10	
			Oil (MMbbl)	Gas (MMcf)	NGL (MMbbl)	Total MBoe	% Liquids	PV0 (\$MM)	PV10 (\$MM)
<b>Matador Operated</b>									
Producing	154	1,219	1,236	2,590	405	2,073	79%	\$97	\$51
Drilled, Uncompleted	20	0	534	873	147	826	82%	40	23
Permitted	60	0	787	1,391	234	1,253	81%	59	30
Undeveloped	51	0	719	1,981	248	1,298	75%	56	24
<b>Total Matador Operatec</b>	<b>285</b>	<b>1,219</b>	<b>3,275</b>	<b>6,837</b>	<b>1,035</b>	<b>5,450</b>	<b>79%</b>	<b>\$252</b>	<b>\$129</b>
<b>Other Operated</b>									
Producing	14	38	65	188	20	116	73%	\$5	\$2
Drilled, Uncompleted	20	0	85	173	29	143	80%	7	4
Permitted	0	0	0	0	0	0	NA	0	0
Undeveloped	41	0	220	821	88	445	69%	18	8
<b>Total Other Operated</b>	<b>75</b>	<b>38</b>	<b>369</b>	<b>1,182</b>	<b>137</b>	<b>704</b>	<b>72%</b>	<b>\$30</b>	<b>\$14</b>
<b>Total by Reserve Category</b>									
Producing	168	1,257	1,301	2,778	425	2,189	79%	\$102	\$54
Drilled, Uncompleted	40	0	619	1,046	176	969	82%	47	27
Permitted	60	0	787	1,391	234	1,253	81%	59	30
Undeveloped	92	0	939	2,802	337	1,742	73%	73	32
<b>Grand Total</b>	<b>360</b>	<b>1,257</b>	<b>3,645</b>	<b>8,018</b>	<b>1,172</b>	<b>6,153</b>	<b>78%</b>	<b>\$282</b>	<b>\$143</b>

### Attractive Performance Across Six Targets (Avg. by Bench)

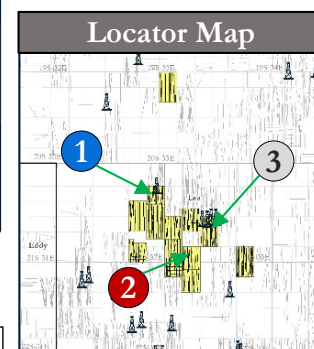


## High-Density Development Across Multiple Proven Horizons

Ongoing Development Coupled with Top-Tier Results Underscore Rock Quality Across Multiple Benches



Numerous wells in-progress and permits provide abundant near-term growth, while additional development opportunities reside in multiple remaining proven benches across the position.



Note: All metrics based on preliminary reserves as of October 1, 2023 at current strip pricing.

● PDP ● WIP ○ Permit ○ PUD

# Delaware Basin Royalty Opportunity

EnCap Investments, L.P.



**ENCAP INVESTMENTS L.P.**

## Process Timeline

October 2023							November 2023						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7				1	2	3	4
8	9	10	11	12	13	14	5	6	7	8	9	10	11
15	16	17	18	19	20	21	12	13	14	15	16	17	18
22	23	24	25	26	27	28	19	20	21	22	23	24	25
29	30	31					26	27	28	29	30		

- VDR Opens
- Evaluation Period
- Bids Due
- Holidays

EnCap anticipates PSA execution by mid-November and closing December 2023.

## Detring Energy Advisors Contact Information

<p><b>Derek Detring</b> President derek@detring.com (713) 595-1001</p>	<p><b>Melinda Faust</b> Managing Director mel@detring.com (713) 595-1004</p>	<p><b>Jonathan Bristol</b> Director jonathan@detring.com (713) 595-1010</p>	<p><b>Bryan Bottoms</b> Vice President bryan@detring.com (713) 595-1007</p>	<p><b>Arienne Willbern</b> Associate arienne@detring.com (713) 858-8870</p>
--	--	---	---	---

Please contact Melinda Faust to request a confidentiality agreement or to learn more about this opportunity. Please route all communications through Detring and do not contact EnCap directly.

This Information Flyer is based on material provided by EnCap Investments, L.P. and its affiliates ("Seller") and is offered to interested parties for the sole purpose of providing an overview of an opportunity to acquire certain of the Seller's assets (the "Transaction"). This Information Flyer is delivered on behalf of Seller by Detring & Associates, LLC ("Advisor"). The information contained in this Information Flyer ("Information") is for informational purposes only and does not constitute an obligation by Seller to enter into any future transaction. The information should not be relied upon by the recipient in considering the Transaction, and the recipient should consider its own financial situation when evaluating the Transaction. This Information Flyer does not constitute investment, legal, financial, tax, accounting or other counsel of any kind, and the recipient should conduct its own independent examination and assessment of the Information, including obtaining investment, legal, tax, accounting and such other counsel as it considers suitable. Seller may change or otherwise modify the transaction process at any time without notice to the recipient, including but not limited to accepting any proposal at any point in time, altering the dates of the process, or terminating the process completely without defining any reason and without any liability to any interested party. Advisor and its directors, employees, consultants and agents ("Group") make no representation or warranty as to the accuracy, completeness, timeliness or reliability of the contents of this Information Flyer or any information provided during the course of the Transaction process. The Information has been prepared on the basis of publicly accessible information and material made available to Advisor by Seller. Advisor has relied upon and assumed, without independent verification, the accuracy or completeness of all such information, which does not claim to be all-inclusive or to contain all of the information that may be relevant to the Transaction. The recipient acknowledges that conditions may change and that the Information may become out-of-date as a result. Advisor is under no obligation to update or correct this Information. Seller and Advisor are under no obligation to provide the recipient with access to any further information. Seller and Group shall have no liability for any representations (expressed or implied) other than, in the case of Seller, those given by Seller in the purchase and sale agreement, for any written or oral communications with any Interested Parties in the course of their review of the Transaction, or for any implied terms or obligations arising from operation of law or otherwise. To the maximum extent permitted by law, no member of the Group accepts any liability (including, without limitation, any liability arising from fault or negligence on the part of any of them) for any loss whatsoever arising from the use of this Information Flyer or its contents or otherwise arising in connection with it or from the use of any Information provided throughout the course of the Transaction procedure. Certain statements contained herein may constitute forward-looking statements which involve risks and uncertainties that could cause actual events or results to differ materially from the projected or expected events or results implied or conveyed in such forward-looking statements. In particular, statements regarding oil and gas reserves may include the implied assessment that the resources described can be profitably produced in the future, based on certain estimates and assumptions. No constituent of the Group represents or warrants that such forward-looking statements will be achieved or will prove to be correct. Actual future results and operations could vary materially from the forward-looking statements. Similarly, no representation or warranty is made that the assumptions on which the forward-looking statements are based may be reasonable. No audit, review or verification has been undertaken by the Group or an independent third party of the assumptions, data, results, calculations and forecasts presented or referred to herein. The recipient acknowledges that neither it nor Advisor intends that Advisor acts or be responsible as a fiduciary to the recipient, its management, stockholders, creditors or any other person. Each of the recipient and Advisor, by accepting and providing this Information Flyer respectively, expressly disclaims any fiduciary relationship and agrees that the recipient is responsible for making its own independent judgments with respect to any transaction and any other matters regarding this Information Flyer. Subsequent modifications may be provided as required.